



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes – This bill would decrease the amount of sales and use tax remitted to the State of Florida.

#### B. EFFECT OF PROPOSED CHANGES:

##### Current situation:

Section 212.12(1), F.S., provides dealers with an allowance for remitting the sales and use taxes due to the State of Florida and making tax returns on the amounts remitted in the manner provided by the Department of Revenue. The allowance is 2.5 percent of the amount of the tax due up to a total of \$1,200 for each reporting period. The allowance is provided in the form of a deduction from the amount of the tax due.

Chapter 2006-52, Laws of Florida, created subsection 212.12(1)(c) which permits a dealer entitled to a collection allowance for taxes, surtaxes, and any local option taxes administered under Chapter 212, F.S., and remitted to the Department of Revenue, to elect to forego the collection allowance and direct the funds instead to be deposited into the Educational Enhancement Trust Fund. (The provision does not apply to any locally imposed and self-administered convention development tax, tourist development tax, or tourist impact tax.) Section 2 of the Chapter Law permits the Department of Revenue to adopt rules to carry out this amendment to s. 212.12, F.S.

##### Effect of proposed changes:

HB 17 amends s. 212.12(1)(c), F.S., to eliminate the reference to Chapter 2006-52, Laws of Florida, and to add a new subsection (d). The new subsection permits dealers to deduct discount rates, transaction charges, interchange rates, or any other rate, charge, or fee charged to a dealer by an issuer or deducted from payment card sales for processing a payment card transaction from any sales and use tax required to be remitted by the dealer to the state.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 212.12(1)(c), F.S., to eliminate a reference to Chapter 2006-52, Laws of Florida, and creates s. 212.12(1)(d). F.S.

Section 2. Provides an effective date of July 1, 2007.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

	<u>FY 2007 – 2008</u>	<u>FY 2008 – 2009</u>
General Revenue	(\$2,562.4) million	(\$3,001.7) million
<u>State Trust</u>	<u>(\$6.0) million</u>	<u>(\$7.1) million</u>
Total State Impact	(\$2,568.4) million	(\$3,008.8) million

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

	<u>FY 2007 – 2008</u>	<u>FY 2008 – 2009</u>
Revenue Sharing	(\$84.7) million	(\$99.2) million
Local Gov't Half Cent	(\$245.8) million	(\$288.0) million
<u>Local Option</u>	<u>(\$242.9) million</u>	<u>(\$284.5) million</u>
Total Local Impact	(\$573.4) million	(\$671.7) million

#### 2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Dealers will no longer be required to absorb the cost of discount rates, transaction charges, interchange rates, or any other rate, charge, or fee charged to a dealer by an issuer or deducted from payment card sales for processing a payment card transaction.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

The bill does not require a county or municipality to spend funds and does not reduce the percentage of a state tax shared with counties and municipalities. Therefore the provisions of Subsections 18(a) and (c), Florida Constitution, do not apply.

The bill reduces the authority that municipalities or counties have to raise revenue in the aggregate, and the mandate provision of Subsection 18(b), Florida Constitution, does apply.

#### 2. Other:

### B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**